

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6757

BILL NUMBER: SB 239

NOTE PREPARED: Dec 23, 2011

BILL AMENDED:

SUBJECT: Property and Casualty Insurance Claim Payment.

FIRST AUTHOR: Sen. Randolph

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

Summary of Legislation: This bill prohibits an insurer from denying coverage for damage to an insured under a property and casualty insurance policy caused by the intentional acts of another insured if the original insured was unaware of the intentional acts.

Effective Date: July 1, 2012.

Explanation of State Expenditures: This bill provides that an insurer who denies coverage to an insured as a result of being unaware of intentional damage caused by another individual insured under the policy commits an unfair claim settlement. To the extent insurance providers are found to have engaged in unfair claim settlements, this bill will increase workload of the Department of Insurance to investigate allegations and undertake adjudicative proceedings to determine if an unfair claim settlement has been committed.

Explanation of State Revenues: If this bill increases the number of unfair claim settlements discovered by the Department of Insurance, revenue to the General Fund will increase from civil penalties paid by violators. The penalty for engaging in an unfair and deceptive act is one or more of the following: (1) a civil penalty between \$25,000 and \$50,000 for each act or violation and (2) revocation of a person's license or certificate of authority if they knowingly engaged in an unfair claim settlement. Actual increases in revenue are unknown.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Bill Brumbach, 232-9559.